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FOR IMMEDIATE RELEASE:

**SON AND MOTHER SENTENCED IN A
\$2.2 MILLION MORTGAGE FRAUD SCHEME**

PRESS RELEASE

Susan W. Brooks, United States Attorney for the Southern District of Indiana, announced that JAMICHAEL DANTE WATTS, 26, and BRENDA BECKWITH, 53, both of Indianapolis, Indiana, were sentenced today for crimes related to a mortgage fraud scheme that they conducted between September, 2000 and August, 2003. U.S. District Court Judge Larry J. McKinney sentenced WATTS to 41 months imprisonment and BECKWITH to 18 months imprisonment. This case was the result of an investigation by special agents of the Internal Revenue Service and the Federal Bureau of Investigation, working as part of the Southern District of Indiana Mortgage Fraud Task Force.

WATTS and BECKWITH previously pled guilty on November 26, 2003 to all charges

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against them, including one count of conspiracy to commit mail fraud and one count of money laundering. WATTS also pled guilty to one count of identity theft. The defendants fraudulently obtained large amounts of money from mortgage loans acquired from several lending institutions by submitting false loan applications, fraudulent financial documents, and falsely inflated appraisals. Jabbar Watts also pled guilty on November 26, 2003 to related charges arising from the same schemes and will be sentenced at a later date.

JAMICHAEL WATTS operated as a mortgage broker, working at various times between 2000 and 2003 for Prodigy Financial Group and J.D. Mortgage. BRENDA BECKWITH, mother of Jabbar and JAMICHAEL, worked at Prodigy and at J.D. Mortgage at various times and acted as a “straw purchaser” for various properties in the mortgage fraud scheme.

According to facts presented in court at the guilty plea hearings, the three defendants fraudulently obtained over \$2.2 million through 20 separate mortgage loans. The schemes involved what is commonly referred to as “flip” transactions. The defendants provided the money for and purchased, either in their own name or the name of straw purchasers, houses primarily on the near northeast side of Indianapolis in low-income areas. A very short time after buying the properties at a low fair market price, the defendants entered into a second transaction to sell the properties. In the second sale, the sales price far exceeded the value of the property. To buy the properties, the defendants recruited straw purchasers, people who signed the purchase and loan documents but who were never intended to have a real interest in

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the properties. The defendants then originated loans to obtain financing for these second purchases. They prepared and submitted to mortgage lenders false loan applications supported by fraudulent W-2 forms, pay stubs, verifications of employment, and bank account information. They also submitted falsely inflated appraisals to induce the lending institutions to make the loans.

JAMICHAEL WATTS was the loan broker in seven of the loans with a total value over \$750,000 in fraudulent proceeds. BRENDA BECKWITH was the straw purchaser in five of the loans which totaled almost \$600,000 in fraudulent proceeds. In two of the loan transactions involving JAMICHAEL WATTS, the straw purchasers were in fact people for whom the defendants had stolen identities. They stole the identities of real people and created false identification documents, including drivers licenses, showing that these people whose identities had been stolen were actually the purchasers of the property. They then recruited and paid other people to go to the closings on the sales and sign the closing documents, purporting to be the people whose identity had been stolen. WATTS also admitted to paying a closing agent for a title company to participate in the fraud. The closing agent has previously been convicted of mortgage fraud crimes.

After obtaining the fraudulent loan proceeds, the defendants and others shared the funds and engaged in various transactions to hide or “launder” the money. The majority of the loans fraudulently obtained were not repaid as agreed, are currently in default or have been the subject of foreclosure proceedings.

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According to Assistant United States Attorney Susan Heckard Dowd, who prosecuted the cases for the government, Judge McKinney also ordered WATTS and BECKWITH to serve 3 years supervised release following imprisonment and to pay restitution in the amounts of \$754,650 and \$590,600, respectively.

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